



FX DAILY

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**AUTHOR**  
Ralf Umlauf  
069/91 329132 -1891  
research@helaba.de

**EDITOR**  
Ulrich Wortberg

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- Asian equity markets mixed; Japanese exchanges closed due to holiday.
- Oil price (WTI futures) back below USD 48.50/barrel at start of week.

FX	Supports	Resistances	Comments
EUR-USD	1.0658 – 1.0620 – 1.0600	1.0782 – 1.0829 – 1.0850	Technicals supporting
EUR-JPY	120.00 – 118.70 – 117.50	123.10 – 123.40 – 124.10	Technicals supporting
EUR-GBP	0.8403 – 0.8333 – 0.8300	0.8818 – 0.8855 – 0.8938	Technicals supporting
EUR-CHF	1.0623 – 1.0610 – 1.0580	1.0798 – 1.0850 – 1.0895	Technicals supporting

This week market participants will initially be watching for further data on inflation in Germany. Not only the inflation theme but also the solid-looking economic growth outlook had already unleashed speculation that the ECB might decide to hike policy rates earlier than previously signalled and (broadly) expected. ECB Governing Council member Ewald Nowotny stoked such speculation last week with statements to the effect that a rate hike would not necessarily have to wait until the end of the ECB's QE programme. This starkly contrasts with Mario Draghi's forward guidance reiterated mid-month, suggesting that interest rates would stay low or even head lower for a considerable time after bond purchases come to an end. Now it looks as though the ECB's communication policy is also becoming more unclear, as we have seen at the US central bank for a long while now. Today's release of producer prices should be evaluated against the backdrop of the oil price trend. The annual rate for the month of February will be significantly higher, driven also by the base effect. This month's rate already looks set to ease, however, as the price of oil has recently fallen a good 10% and the euro has also recovered, dampening upside pressure on the import side. The data calendar for later this week will bring the preliminary estimates of purchasing managers indices for both the manufacturing and services sectors in the euro area, as well as in Germany and France. Indications from surveys among financial market participants are favourable. Notable among these are the ZEW and sentix indices. Not only the current situation but also the expectations component showed improvement. With respect to the manufacturing PMI, however, it should be borne in mind that it has already posted five consecutive months of expansion and that the German PMI has also only declined once in the last six months. Accordingly, consolidation at a high level should come as no surprise and should not be misinterpreted as a general downturn in the growth outlook. Although the political Sword of Damocles continues to hang over the sentiment indicators, any major influence would come unexpectedly owing to the absence of sustained pressure so far. For the medium term, however, this cannot be ruled out. In the US, durable goods orders are on tap. Boeing orders came in weaker and provide negative indications. We expect to see a stagnation, thereby positioning ourselves slightly below the consensus forecast. Moreover, existing home sales are on the decline so on balance interest rate speculation will probably not be fuelled.

**EUR-USD:** A genuine breakout above the resistance at 1.0829 cannot be made out. In view of the constructive indicators, however, gains should not be ruled out. A break above 1.0872 would clear the way for a move through to 1.10. **Our favoured trading range: 1.0680 – 1.0840. ■**

Time	Country	Period	Indicator/event	Consensus	Prior	Impact
8:00	DE	Feb	Producer prices	+0.3% m/m +3.2% y/y	+0.7% +2.4%	low
17:45	EZ		ECB speech: Weidmann			
18:10	US		Fed speech: Evans			

Sources: Bloomberg, Helaba Volkswirtschaft/Research

	Aktuell	Vortag
EUR-USD	1,0763	1,0738
EUR-JPY	121,15	121,03
USD-JPY	112,56	112,70
EUR-GBP	0,8685	0,8663
GBP-USD	1,2393	1,2396
EUR-CHF	1,0725	1,0723
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DAX	12095,24	12,06
Bund-Future	159,82	0,10
Gold	1234,22	4,96
ÖI US-LCF	48,36	-0,42

Source: Bloomberg